

Management of State's Finances

**3153. SHRI SANTOSH BAGRODIA:
SHRI GHULAM NABI AZAD:**

Will the Minister of FINANCE be pleased to state:

(a) whether bad administration is solely responsible for the mismanagement of States' finances;

(b) if so, whether funds are being channelled to unproductive sectors as stated by the Governor of R.B.I. under the heading "Jalan unveils agenda for 8 per cent GDP growth" which appeared in the Hindustan Times dated 15th November, 1999;

(c) whether Government agree that there is a need for consolidation of the States' and Centre's finances with greater vigour; and

(d) if so, what steps Government are taking or have taken in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) The factors which impact on the State's finances include rising non-plan expenditure, mainly on account of wages & salaries, pay revision, size of the work force, subsidies, rising debt burden, widening of revenue gap, inadequate recovery of user charges and steady deceleration in investment expenditure.

(b) As per the information received from RBI, there is no such statement of Reserve Bank Governor in the Hindustan Times, November 15, 1999.

(c) and (d) Measures for improving the finances of the States have, primarily, to be taken by the States themselves. Centre, however, encourages States to undertake Fiscal Reforms. A number of States have embarked upon Fiscal Reforms Programmes with Centre's assistance.

With a view to strengthening the fiscal consolidation at the Central Government level, the Central Government's Budget for 2000-01 further initiated steps to curb built-in expenditure growth and bring about structural changes in the composition of expenditure. The

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Budget has proposed a number of measures like zero based budgeting scrutiny, scheme for redeployment of surplus staff, cut in subsidies, maximize generation of internal resources by autonomous institutions, reduction in interest on GPF, provision of funds through disinvestment.

Loan Disbursed under PMRY in Madhya Pradesh

†3154. SHRI DILIP SINGH JUDEV: Will the Minister of FINANCE be pleased to state:

(a) the number of unemployed educated youths who have been provided with financial assistance (loans) for employment under the Prime Minister Rozgar Yojana in Madhya Pradesh during the last three years;

(b) the amount of loans disbursed alongwith the names of bank;

(c) whether simple or compound interest is charged on the loans provided under the Prime Minister Rozgar Yojana; and

(d) the details of the rate of interest fixed by the banks alongwith the rate of penal interest?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) and (b) As per information provided by Reserve Bank of India (RBI), the details relating to number and amount of loans disbursed by scheduled banks to the unemployed educated youths under Prime Minister's Rozgar Yojana (PMRY) in Madhya Pradesh during the last three years is indicated in the Statement. (See below)

(c) As per RBI directives, loans upto Rs. 2 lakhs have to be given at interest rate not exceeding Prime Lending Rate of the Bank.

(d) As per instructions, no penal interest or processing charges are levied on loans granted under PMRY scheme by Banks.

†Original notice of the question was received in Hindi.